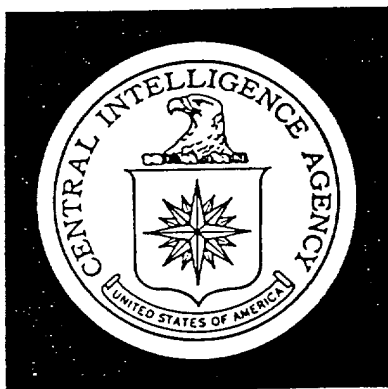


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Document # 63

Intelligence Memorandum

Situation in Panama

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APPROVED FOR RELEASE

10 NOV 1997

3 January 1967
No. 0620/67

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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
3 January 1967

INTELLIGENCE MEMORANDUM

Situation in Panama

Summary

US-Panamanian relations are approaching a new and crucial stage. Maneuvering for the 1968 presidential elections already has started in Panama, and the canal treaty negotiations with the US are the major issue. As political activity picks up during the next few months, President Robles will be under increasing pressure to reach a canal settlement early enough to submit it for ratification by a special session of the National Assembly before its regular session begins on 1 October 1967. At stake are the political fortunes of the oligarchical parties which make up his coalition. To protect the interests of these parties Robles needs an accord to strengthen their chances of competing with the popular Arnulfo Arias, leader of the Panamenista Party. Panama's elite families will go to almost any extreme to prevent Arias' victory. If the negotiations break down or reach a serious impasse, the Robles government will probably try to protect itself by laying the blame on the US.

NOTE: This memorandum was produced solely by CIA. It was prepared by the Office of Current Intelligence and coordinated with the Office of National Estimates and with the Clandestine Services.

For more detailed information, see Intelligence Memorandum "Factors of Instability in Panama," issued by CIA's Directorate of Intelligence on 6 September 1966.

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1. Robles [REDACTED]

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has thus far been friendly and cooperative in his relations with the US, and this attitude will probably continue as long as he feels the negotiations are progressing satisfactorily. Robles cannot, however, always control some of the more unscrupulous politicians in his coalition. As elections approach, these men will be tempted more and more to adopt a nationalistic stance and exert pressure on the US to speed up the negotiations.

2. The most recent example of this occurred in early December after a minor incident at the US-leased Rio Hato training area. A Panamanian commercial aircraft made an emergency landing at the site and the pilot alleged that he was "detained" by US personnel. Panama City news media, largely owned or controlled by government officials and members of the oligarchy, termed the incident a violation of Panamanian sovereignty and unleashed an emotional, anti-US clamor which quickly evolved into criticism of the US role in the treaty talks. One paper, generally considered Robles' own mouthpiece, went so far as to question US good faith in the negotiations. Most media portrayed administration leaders as taking a new, vigilant, and forcefully patriotic stance in relations with the US.

3. After US officials in Panama expressed concern over the growing emotional atmosphere to Robles and Foreign Minister Eleta, the pressure campaign gradually subsided. It was too late, however, to erase the initial image of a US violation of Panamanian sovereignty created in the minds of the public. The Rio Hato affair undoubtedly added more substance to the basic Panamanian nationalism which increasingly resents the US presence in the country. Extremist-led student groups have already staged some "sovereignty" demonstrations, and more can be expected with the approach this month of the anniversary of the riots of 1964. While government security forces probably will be able to control demonstrations during 9-11 January, there is always the danger that an incident could erupt

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into a new round of rioting. Some leaders of Panama's small, fragmented Communist movement are making plans for agitation over the anniversary period, and, as a result of the Rio Hato affair, there is perhaps more tension this year than last.

4. Most Panama City news media, perhaps with an eye on the anniversary, have reverted to a calm, optimistic tone regarding the negotiations. The television station owned by Foreign Minister Eleta is stressing the "desirable pace" of the canal talks and urging the public to avoid any "fruitless excesses" which would retard them. The pitch of the media also reflects the renewed confidence of Robles and his aides regarding prospects for reaching a canal settlement with the US in 1967. On 20 December Foreign Minister Eleta gave the National Assembly a secret briefing on progress in the treaty talks. The reaction to the briefing was reportedly sufficiently favorable that the negotiators believe the government will be able to obtain ratification of a canal treaty.

5. [REDACTED]

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[REDACTED] Foreign Minister Eleta was scheduled to arrive in the US on 31 December to accelerate the negotiations in hopes of meeting his mid-1967 target for concluding the talks. [REDACTED]

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6. One member of the Panamanian negotiating team, Diogenes de la Rosa, seriously doubts that an agreement can be reached in 1967 and warns against speculation about timing. De la Rosa recently told a source believed to be reliable that, after a draft treaty is signed, Robles should allow the public to discuss it and "blow off steam" for at least six months before attempting ratification. Some Panamanian

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officials, noting Robles' lack of popular support, his dependence on a tenuous coalition in the assembly, and the approaching political campaign, believe it advisable to defer efforts to conclude a settlement until after the 1968 elections in Panama and in the US.

7. Robles, however, is firmly convinced that his government now has the political strength to obtain ratification as long as the draft treaty is a "good" one, i.e., that it is in keeping with longstanding Panamanian aspirations. Most of Robles' policies during his 26 months in office have aimed at holding his coalition together in anticipation of the ratification process. In recent months his bloc in the 42-seat assembly has picked up two additional deputies, giving the administration 29 votes to 13 for the opposition. The government also has a comfortable margin on all assembly committees. It is not clear, apparently even within the government, whether the canal treaty will require only a simple majority or a two-thirds majority in the assembly since the constitution is vague on the exact procedure to be followed. Even if a two-thirds approval is needed, Robles' paper strength would be sufficient. The President, however, cannot always count on his deputies to vote with the administration. Furthermore, legislators will have their ears attuned to the tenor of public opinion when a treaty is submitted.

8. A treaty draft will have to be "sold" to the Panamanian public before it goes to the assembly. The government coalition has most of the news media in hand and if there is time to wage an intensive propaganda campaign the ground may be cut from under Arias. Action by the assembly will depend greatly on the mood prevailing in Panama City, since the assembly is notoriously susceptible to public pressure. In 1947 it rejected an agreement to grant a 20-year extension of US rights to 13 military bases when an extremist-led mob of 10,000 threatened to storm the assembly building.

9. [REDACTED]

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10. [REDACTED]

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Most observers believe the Robles government has lost considerable support in the past two years and is further weakened by the scramble among the elite families who will be seeking power in 1968. It is far from certain that these powerful vested interest groups will be able to unite behind one candidate or, even if they do, that they can keep Arias from winning in 1968.

11. Arias is still a key and uncertain factor on the Panamanian political scene. [REDACTED]

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[REDACTED] He is convinced that he is destined to solve Panama's problems. Charging that the oligarchy fraudulently deprived him of the presidency in 1964, Arias has vowed to call his supporters into the streets to oppose any treaty, regardless of content, negotiated by the "illegitimate" Robles government. Arias is the most popular political figure in Panama, especially among the urban lower classes. Few observers doubt his ability to lead his followers into the streets on an emotional issue and seriously threaten the Robles government. The timing of such a move could be linked with disturbances already under way, with an assessment by Arias that Robles was about to reach a canal settlement with the US, or with an effort on Arias' part to exploit unfavorable provisions of a "draft treaty."

12. Just how far Arias is in fact willing to go to block a canal agreement is anybody's guess. He does not appear to have made up his mind on any specific course of action. If Robles signs a treaty but does not submit it for ratification, Arias may decide to run in the 1968 elections in the hope of defeating the government candidate on the treaty issue. [REDACTED]

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[REDACTED] On the other hand, Arias is convinced that the oligarchy will never allow him to win an election, and, at 66 years of age, he probably has one more chance at the presidency and a secure place in Panamanian history.

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13. While constantly attacking the government, Arias has carefully avoided any direct criticism of the US. Through intermediaries he has indicated to US officials that he is prepared, once in power, to settle the canal issue. Some observers believe that Arias' sentiments toward the US have "mellowed" with age, and that he is the only political figure in Panama with enough popular support to feel he can risk the concessions necessary to get US acquiescence in a canal accord.

14. It would not be out of character for Arias, however, to assume a recalcitrant attitude toward the US once he came to power.

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